



## Corus Entertainment Announces Fiscal 2012 First Quarter Results

- Monthly dividend increased by 10%
- Consolidated revenues up 7% and segment profit up 1%
- Television revenue up 10% and segment profit maintained
- Radio revenue down 5% and segment profit down 11%
- Net income attributable to equity shareholders from continuing operations up 9%

(January 10, 2012 – Toronto, Canada) **Corus Entertainment Inc.** (TSX: CJR.B) announces its first quarter financial results.

“We are very pleased with our Q1 results and in particular, the renewed signs of strength we witnessed in the ad economy,” said John Cassaday, President and CEO of Corus Entertainment. “Double digit ad sales growth for our Women’s networks, continued growth on our Kids business powered by strong merchandising sales and strong evidence of a turnaround underway in our Vancouver Radio cluster, are all positive indicators that we are poised to achieve our growth targets in fiscal 2012.”

### Financial Highlights

(unaudited)

(in thousands of Canadian dollars except per share amounts)

	Three months ended	
	<b>November 30,</b>	
	<b>2011</b>	2010
Revenues		
Television	<b>185,027</b>	167,517
Radio <sup>(1)</sup>	<b>51,864</b>	54,639
	<b>236,891</b>	222,156
Segment profit		
Television	<b>80,495</b>	80,269
Radio <sup>(1)</sup>	<b>16,402</b>	18,514
Corporate	<b>(5,683)</b>	(8,124)
	<b>91,214</b>	90,659
<b>Net income attributable to equity shareholders:</b>		
From continuing operations	<b>50,548</b>	46,197
From discontinued operations	—	1,523
	<b>50,548</b>	47,720
<b>Basic earnings per share attributable to equity shareholders:</b>		
From continuing operations	<b>\$ 0.61</b>	\$ 0.57
From discontinued operations	<b>\$ —</b>	\$ 0.02
	<b>\$ 0.61</b>	\$ 0.59

<sup>(1)</sup> Reflects the disposition of the Quebec Radio operations, which occurred on February 1, 2011, as discontinued operations in all periods presented.

## **Adoption of IFRS**

For fiscal years beginning after January 1, 2011, Canadian Generally Accepted Accounting Principles (“GAAP”), as used by publicly accountable enterprises, were fully converged to International Financial Reporting Standards (“IFRS”). Accordingly, the interim condensed consolidated financial statements for the three months ended November 30, 2011 are the first financial statements the Company has prepared in accordance with IFRS. Prior to the adoption of IFRS, for all periods up to and including the year ended August 31, 2011, the Company’s consolidated financial statements were prepared in accordance with Canadian GAAP. IFRS uses a conceptual framework similar to Canadian GAAP, but there are differences related to recognition, measurement and disclosures. For additional details regarding the IFRS restatements of fiscal 2011, please refer to the Company’s Management’s Discussion and Analysis and/or Interim Condensed Consolidated Financial Statements.

## **Consolidated Results from Continuing Operations**

Consolidated revenues for the three months ended November 30, 2011 were \$236.9 million, up 7% from \$222.2 million last year. Consolidated segment profit was \$91.2 million, up 1% from \$90.7 million last year. Net income attributed to equity shareholders for the first quarter 2012 was \$50.5 million (\$0.61 basic and diluted), compared to \$46.2 million (\$0.57 basic and \$0.56 diluted) last year.

## **Operational Results - Highlights**

### **Television**

- Segment revenues increased by 10%
- Segment profit unchanged versus the prior year
- Specialty advertising revenues increased by 3%
- Subscriber revenues increased by 1%
- Merchandise, distribution and other revenues increased 66%
- Movie Central finished the quarter with 973,000 subscribers

### **Radio<sup>(1)</sup>**

- Segment revenues declined 5%
- Segment profit decreased 11%

<sup>(1)</sup> Radio results reflect the disposition of the Quebec Radio operations, which occurred on February 1, 2011, as discontinued operations in all periods presented.

Corus Entertainment Inc. reports in Canadian dollars.

## **About Corus Entertainment Inc.**

Corus Entertainment Inc. is a Canadian-based media and entertainment company. Corus is a market leader in specialty television and radio with additional assets in pay television, television broadcasting, children’s book publishing and children’s animation. The company’s multimedia entertainment brands include YTV, Treehouse, Nickelodeon (Canada), W Network, OWN: Oprah Winfrey Network (Canada), CosmoTV, Sundance Channel (Canada), Movie Central, HBO Canada, Nelvana, Kids Can Press and radio stations including CKNW AM 980, 99.3 The FOX, Country 105, 630 CHED, Q107, and 102.1 the Edge. Corus creates engaging branded entertainment experiences for its audiences across multiple platforms. A publicly traded company, Corus is listed on the Toronto Stock Exchange (CJR.B). Experience Corus on the web at [www.corusent.com](http://www.corusent.com).

The unaudited consolidated financial statements and accompanying notes for the three months ended November 30, 2011 and Management's Discussion and Analysis are available on the Company's website at [www.corusent.com](http://www.corusent.com) in the Investor Relations section.

A conference call with Corus senior management is scheduled for January 10, 2012 at 12:30 p.m. ET. While this call is directed at analysts and investors, members of the media are welcome to listen in. The dial-in number for the conference call for North America is 1.800.941.1366 and for local/international callers is 416.981.9030. PowerPoint slides for the call will be posted at 12:15 p.m. ET on January 10, 2012 and can be found on the Corus Entertainment website at [www.corusent.com](http://www.corusent.com) in the Investor Relations section.

*This press release contains forward-looking information and should be read subject to the following cautionary language:*

*To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking statements"). These forward-looking statements related to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, including advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees, and can generally be identified by the use of the words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation factors and assumptions regarding advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and specialty and pay networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying such forward-looking statements may be found in our Annual Information Form. Corus cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to publicly update or revise any forward-looking statements whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.*

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**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(unaudited) (in thousands of Canadian dollars)	As at November 30, 2011	As at August 31, 2011	As at September 1, 2010
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	58,009	55,922	7,969
Accounts receivable	217,119	178,531	175,134
Income taxes recoverable	—	603	1,781
Prepaid expenses and other	15,058	13,497	18,008
<b>Total current assets</b>	<b>290,186</b>	<b>248,553</b>	<b>202,892</b>
Tax credits receivable	50,151	43,108	39,597
Intangibles, investments and other assets	37,808	39,980	22,699
Property, plant and equipment	166,758	169,600	161,585
Program and film rights	276,029	256,970	244,963
Film investments	77,476	83,133	80,611
Broadcast licenses	569,505	569,505	610,423
Goodwill	671,827	671,827	695,029
Deferred tax assets	31,012	30,915	32,130
	<b>2,170,752</b>	<b>2,113,591</b>	<b>2,089,929</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	233,383	206,770	192,839
Provisions	4,105	5,267	13,048
Income taxes payable	2,363	—	—
<b>Total current liabilities</b>	<b>239,851</b>	<b>212,037</b>	<b>205,887</b>
Long-term debt	601,482	600,796	691,891
Other long-term liabilities	97,516	104,574	95,840
Deferred tax liability	142,750	141,361	146,044
<b>Total liabilities</b>	<b>1,081,599</b>	<b>1,058,768</b>	<b>1,139,662</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	886,957	882,679	856,655
Contributed surplus	10,572	10,299	12,706
Retained earnings	174,540	143,720	62,509
Accumulated other comprehensive income (loss)	(25)	(1,075)	342
Total equity attributable to equity shareholders	1,072,044	1,035,623	932,212
Equity attributable to non-controlling interest	17,109	19,200	18,055
<b>Total shareholders' equity</b>	<b>1,089,153</b>	<b>1,054,823</b>	<b>950,267</b>
	<b>2,170,752</b>	<b>2,113,591</b>	<b>2,089,929</b>

**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

(unaudited)	Three months ended	
(in thousands of Canadian dollars except per share amounts)	<b>November 30,</b>	
	<b>2011</b>	2010
Revenues	<b>236,891</b>	222,156
Direct cost of sales, general and administrative expenses	<b>145,677</b>	131,497
Depreciation	<b>6,239</b>	6,108
Interest expense	<b>13,427</b>	14,073
Restructuring	—	2,250
Other expense (income), net	<b>447</b>	(117)
Income before income taxes	<b>71,101</b>	68,345
Income tax expense	<b>18,421</b>	20,328
<b>Net income for the period from continuing operations</b>	<b>52,680</b>	48,017
Income after tax for discontinued operations	—	1,523
<b>Net income for the period</b>	<b>52,680</b>	49,540
<b>Net income attributable to:</b>		
Equity shareholders	<b>50,548</b>	47,720
Non-controlling interest	<b>2,132</b>	1,820
	<b>52,680</b>	49,540
<b>Basic earnings per share attributable to equity shareholders:</b>		
From continuing operations	<b>\$ 0.61</b>	\$ 0.57
From discontinued operations	—	0.02
	<b>\$ 0.61</b>	\$ 0.59
<b>Diluted earnings per share attributable to equity shareholders:</b>		
From continuing operations	<b>\$ 0.61</b>	\$ 0.56
From discontinued operations	—	0.02
	<b>\$ 0.61</b>	\$ 0.58
<b>Net income for the period</b>	<b>52,680</b>	49,540
Other comprehensive income (loss), net of tax		
Unrealized foreign currency translation adjustment	<b>1,124</b>	(753)
Unrealized change in fair value of available-for-sale investments, net of tax	<b>(74)</b>	171
	<b>1,050</b>	(582)
<b>Comprehensive income for the period</b>	<b>53,730</b>	48,958
<b>Comprehensive income attributable to</b>		
Equity shareholders	<b>51,598</b>	47,138
Non-controlling interest	<b>2,132</b>	1,820
	<b>53,730</b>	48,958

**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(unaudited) (in thousands of Canadian dollars)	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total attributable to equity shareholders	Non- controlling interest	Total equity
<b>At August 31, 2011</b>	<b>882,679</b>	<b>10,299</b>	<b>143,720</b>	<b>(1,075)</b>	<b>1,035,623</b>	<b>19,200</b>	<b>1,054,823</b>
Comprehensive income	—	—	50,548	1,050	51,598	2,132	53,730
Dividends declared	—	—	(17,950)	—	(17,950)	(4,223)	(22,173)
Issuance of shares under stock option plan	106	(20)	—	—	86	—	86
Issuance of shares under dividend reinvestment plan	6,282	—	—	—	6,282	—	6,282
Share repurchased	(2,110)	—	(1,778)	—	(3,888)	—	(3,888)
Share-based compensation expense	—	293	—	—	293	—	293
<b>At November 30, 2011</b>	<b>886,957</b>	<b>10,572</b>	<b>174,540</b>	<b>(25)</b>	<b>1,072,044</b>	<b>17,109</b>	<b>1,089,153</b>
<b>At September 1, 2010</b>	<b>856,655</b>	<b>12,706</b>	<b>62,509</b>	<b>342</b>	<b>932,212</b>	<b>18,055</b>	<b>950,267</b>
Comprehensive income (loss)	—	—	47,720	(582)	47,138	1,820	48,958
Dividends declared	—	—	(15,258)	—	(15,258)	(4,206)	(19,464)
Issuance of shares under stock option plan	2,924	(621)	—	—	2,303	—	2,303
Issuance of shares under dividend reinvestment plan	1,604	—	—	—	1,604	—	1,604
Share-based compensation expense	—	253	—	—	253	—	253
<b>At November 30, 2010</b>	<b>861,183</b>	<b>12,338</b>	<b>94,971</b>	<b>(240)</b>	<b>968,252</b>	<b>15,669</b>	<b>983,921</b>

**CORUS ENTERTAINMENT INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)	Three months ended	
(in thousands of Canadian dollars)	<b>November 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	52,680	49,540
Earnings from discontinued operations	—	(1,523)
Add (deduct) non-cash items:		
Depreciation	6,239	6,108
Amortization of program rights	47,055	42,542
Amortization of film investments	9,987	8,286
Deferred income taxes	1,362	472
Share-based compensation expense	293	253
Imputed interest	3,034	2,600
Other	(243)	(267)
Net change in non-cash working capital balances related to operations	(41,391)	(32,677)
Payment of program and film rights	(35,429)	(38,153)
Net additions to film investments	(17,136)	(21,850)
Cash provided by operating activities from continuing operations	26,451	15,331
Cash provided by operating activities from discontinued operations	—	112
<b>Cash provided by operating activities</b>	<b>26,451</b>	<b>15,443</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(3,370)	(13,266)
Net cash flows for intangibles, investments and other assets	1,131	(885)
Other	(153)	(225)
<b>Cash used in investing activities from continuing operations</b>	<b>(2,392)</b>	<b>(14,376)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in bank loans	—	30,192
Issuance of shares under stock option plan	86	2,303
Shares repurchased	(3,888)	—
Dividends paid	(11,675)	(11,591)
Dividend paid to non-controlling interest	(4,223)	(4,206)
Capital lease payments and other	(2,272)	(2,180)
<b>Cash (used in) provided by financing activities from continuing operations</b>	<b>(21,972)</b>	<b>14,518</b>
Net change during the period in cash and cash equivalents from continuing operations	2,087	15,473
Net change during the period in cash and cash equivalents from discontinued operations	—	112
<b>Net increase in cash and cash equivalents during the period</b>	<b>2,087</b>	<b>15,585</b>
Cash and cash equivalents, beginning of period	55,922	7,969
<b>Cash and cash equivalents, end of period</b>	<b>58,009</b>	<b>23,554</b>

**CORUS ENTERTAINMENT INC.  
BUSINESS SEGMENT INFORMATION**

(unaudited)

(in thousands of Canadian dollars)

**Three months ended November 30, 2011**

	<b>Radio</b>	<b>Television</b>	<b>Corporate</b>	<b>Consolidated</b>
Revenues	51,864	185,027	—	<b>236,891</b>
Direct cost of sales, general and administrative expenses	35,462	104,532	5,683	<b>145,677</b>
<b>Segment profit (loss)</b>	<b>16,402</b>	<b>80,495</b>	<b>(5,683)</b>	<b>91,214</b>
Depreciation	778	565	4,896	<b>6,239</b>
Interest expense	122	6,858	6,447	<b>13,427</b>
Other expense (income), net	8	1,367	(928)	<b>447</b>
<b>Income (loss) before income taxes and non-controlling interest</b>	<b>15,494</b>	<b>71,705</b>	<b>(16,098)</b>	<b>71,101</b>

Three months ended November 30, 2010

	<b>Radio</b>	<b>Television</b>	<b>Corporate</b>	<b>Consolidated</b>
Revenues	54,639	167,517	—	222,156
Direct cost of sales, general and administrative expenses	36,125	87,248	8,124	131,497
<b>Segment profit (loss)</b>	<b>18,514</b>	<b>80,269</b>	<b>(8,124)</b>	<b>90,659</b>
Depreciation	758	1,703	3,647	6,108
Interest expense	1,506	4,712	7,855	14,073
Restructuring charges	678	2	1,570	2,250
Other expense (income), net	14	(632)	501	(117)
<b>Income (loss) before income taxes and non-controlling interest</b>	<b>15,558</b>	<b>74,484</b>	<b>(21,697)</b>	<b>68,345</b>

**Revenues by type**

	Three months ended	
	<b>November 30,</b>	
	<b>2011</b>	2010
Advertising	<b>119,449</b>	120,320
Subscriber fees	<b>74,141</b>	73,762
Merchandising, distribution and other	<b>43,301</b>	28,074
	<b>236,891</b>	222,156